



M E M O R A N D U M
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County
Commissioners

DATE: January 20, 2006

FROM: Charles Anderson, CPA
Commission Auditor

SUBJECT: FY 2004-05 Year-End
Budget Adjustments

In accordance with Resolution No. 195-05, we have reviewed the County Manager's FY 2004-05 Year End Budget Amendment and FY 2004-05 Supplemental Budget. We offer the following analysis for your consideration concerning January 24, 2006 BCC Agenda Items, 5(K), 5(K) Supplement, 8(L)(1)(A) and 12(B)4.

- 5(K) proposes \$12,967,000 Year-End Supplemental Budget for departments funded separately from the General Fund.
- 5(K) Supplement discusses the revised loan repayment schedule from Miami-Dade Transit (MDT) to the People's Transportation Plan (PTP) Fund.
- 8(L)(1)(A) proposes a \$2 million Year-End Budget Amendment for Corrections and Rehabilitation Department (C&R) personnel and operating expenses, principally overtime.
- 12(B)4 is a report that provides further explanation of the amendment and supplemental budget and provides a table with a side-by-side comparison.

FY 2004-05 Year-End Supplemental Budget

Reference: Agenda Items 5(K), 5(K) Supplement & 12(B)4

Background Information

The County Manager's memorandum, dated December 15, 2005 indicated that Miami-Dade Transit's (MDT) operating fund required a supplemental budget of \$13.175 million to account for higher than budgeted fuel expenses (\$6.544 million), costs for the provision of Special Transportation Services (STS) (\$7.392 million) and Hurricane Katrina expenses (\$885,000). Some of the expenses were offset by federal and state grants. Because of changes to the MDT budget, a revised loan repayment schedule from MDT to the PTP fund was to be provided to the Board along with a revised pro-forma in

December. The original and revised repayment schedules are listed and discussed in the County Manager's report, BCC Agenda Item 12(B)4.

Analysis

Historically, the Transit Department has not budgeted fuel on a monthly basis. It is budgeted based on the number of revenue miles anticipated in any given year plus "dead head" miles. Based on the total number of miles projected for the entire year, the department budgets the amount required for fuel.

When the CITT and the Board approved the PTP amendment (Resolution No. 05-025) to make surtax funds available for the use of existing services, the intention was to provide the department with a line of credit of up to \$150 million to accommodate unforeseen events or increased operating expenditures outside the control of MDT, such as fuel.

When the PTP amendment was adopted by the CITT and the Board, the MDT budget was not similarly adjusted. During the committee budget workshops, the department projected that fuel expenses would be approximately \$4 million above the FY04-05 MDT adopted budget. Simply stated, MDT was not given additional expenditure authority for fuel with the passage of the PTP amendment.

We considered whether the Emergency Contingency Reserve might be an alternative to meet MDT's unforeseen needs without impacting PTP monies. In the County Manager's FY 2003-04 Proposed Operating Budget and Multi-Year Capital Plan message, the County Manager provided his definition of what the reserve focus should be and what it should cover, "the Emergency Contingency Reserve should be limited to use in only the most unusual of circumstances, such as addressing natural disasters or should unexpected revenue reductions that occur mid-year that cannot be absorbed through historical methods."

Conclusion

The final amount of unbudgeted fuel costs for MDT for FY 2004-05 was \$6.544 million. This amount was \$2.544 million more than the \$4 million that was projected during the FY 05-06 budget development process and committee budget hearing workshops. This dramatic 63.6% increase was due to continuing increases and significant spikes in the fuel expenditures as a result of the several major hurricanes, resulting in actual fuel costs for FY 04-05 of \$17.150 million.

PTP surtax funds will be used for the unbudgeted fuel costs of MDT for FY 04-05. The PTP amendment approved a loan of surtax funds for existing services, and the amendment already included increased fuel projections for existing services in FY 2004-05 (\$2.4 million is the portion associated with existing services of the total \$4 million).

It should be noted that the County Manager's memo dated December 15, 2005, indicated that costs for the provision of Special Transportation Services (STS) was \$7.392 million. This figure has since been revised to \$6.726 million. The difference, \$666,000, was attributed to expenditures related to the purchase of inventory for maintenance and repair of bus, rail and mover vehicles, not STS related activities.

The cost for an STS patron is \$2.50 for each trip, but the blended cost for each trip (ambulatory and non-ambulatory) is \$25.00. The County pays the \$22.50 difference between the STS patron's portion and the blended cost of the trip.

Participation in the STS program has increased significantly by 88,000 additional trips above the estimate given to the BCC in November 2004. More people are becoming aware of the program, which prompts more applications, which in turns produces an increased number of eligible patrons.

In order to be eligible to take part in the STS program, applicants must first meet certain conditions. Participants must meet ADA criteria and be unable to reach a bus stop or rail station on their own.

Two added benefits of the STS program are the convenience of pick-up and drop-off from door to door, as well as the independence and flexibility it offers the participants. The program gives them a degree of independence by not requiring participants to always call upon family or friends when they have transportation needs.

Hurricane related expenses are expected to be covered by FEMA revenues, not by additional transfers of PTP revenues into the MDT fund, nor will funds be moved from MDT into the PTP fund. Simply stated, no hurricane-related expenses will be covered by the PTP.

The \$855,000 expenses related to Hurricane Katrina have been documented and MDT will seek reimbursement from the Federal Emergency Management Agency (FEMA). Because FEMA revenues will match the expenses associated with the hurricane costs, there is no reason to move those expenses into the Emergency Contingency Reserve or transfer funds from the Emergency Contingency Reserve into MDT.

FY 2004-05 Year-End Budget Amendment

Reference: Agenda Items 8(L)(1)(A) & 12(B)4

A General Fund budget amendment was necessary to cover additional personnel and operating expenses in the Corrections and Rehabilitation Department (C&R).

Background Information:

The County Manager's memo, dated December 15, 2005 indicated that the Corrections and Rehabilitation Department required a budget amendment of \$2 million to cover the additional overtime and other personnel and operating expenditures. These additional expenditures were caused by higher than anticipated annual leave during the summer months, which increased the average overtime hours used each pay period. A budget amendment of \$1.812 million was requested to fund the increased use of overtime to cover operations through backfilling of positions in the jail facilities and other personnel related expenditures. Higher than budgeted water and sewer service charges (\$188,000) also occurred.

The proposed budget amendment is to be funded by Capital Outlay Reserve funds that are available due to slower than anticipated spending on the Miami River dredging project. The full funding for the Miami River dredging project had been provided for in the FY 2005-06 budget, thereby enabling \$2 million in the FY 2004-05 Capital Outlay Reserve to be reallocated.

Analysis

New civilian (external) recruits must complete a nineteen (19) week training session, as opposed to those recruits who are already state certified correctional officers (laterals). Laterals are enrolled in a one (1) week training and orientation program.

In FY 2004-05, forty-three (43) external recruits and twenty-nine (29) certified lateral officers were hired. Beginning in February 2006, it is anticipated that 10 certified laterals will be hired each month.

The application process previously took 20-32 weeks. This was due in large part to the inadequate number of investigators and support staff available to conduct the background checks for new recruits. At that time, there were six (6) investigators. The department has since reviewed and modified their procedure in order to accelerate the hiring process in the future. As of January 3, 2006, five (5) additional investigators and support staff began working. The staff additions are expected to assist in streamlining the application process down to 14-21 weeks.

There were currently 638 candidates, both external (civilian) and state certified officers (laterals) in the application process pipeline, according to the Corrections Personnel Bureau report for the period from June 1, 2005 – December 21, 2005.

Nineteen (19) laterals and twenty-six (26) recruit trainees have been hired from October 1, 2005 through January 12, 2006. The starting salaries for a new recruit and a state certified lateral are \$27,647 and \$28,955, respectively. These salaries do not include fringe benefits.

Two Certified Officer Training (COT) classes have been completed since April 2005. The first Certified Officer Training (COT 97) class began February 28, 2005 with 19 participants and ended July 8, 2005 with 17 officers passing the state exam. The second class, (COT 98) began June 25, 2005 with 24 officers and was completed December 16, 2005. There were 20 who completed the course and 18 who passed the state exam and who now work as certified officers.

The current class, COT 99, began November 14, 2005 with 26 students. At this point in time, one student has resigned. The remaining 25 are expected to complete the class on March 31, 2006. The next class is scheduled to begin on January 30, 2006 and will run through May 2006 with potentially 30 graduate trainees.

Conclusion

Insufficient staffing, poor retention and training issues have been the primary causes contributing to the extensive amount of overtime worked by the Corrections and Rehabilitation Department.

In FY 2003-04, a total of \$10.065 million was expended on overtime. This amount included fringe benefits. For FY 2004-05, the actual overtime including fringe benefits was \$14.4 million, a year-over-year increase of 43.1%.

The overtime amount budgeted for FY 2005-06 is \$12.5 million, including fringes, which will be a decrease of 13.2% from the previous fiscal year.

Sworn Officers were paid to work the C&R overtime. Overtime and fringe benefits were paid with amendment dollars in the amount of \$1.312 million. The average cost of overtime for these officers was \$37.95/hour (\$48.58/hour including fringe benefits).

Recruitment and retention will continue to be major factors as they pertain to overtime for the County as demonstrated by the following observations:

- In the period between October and December 2005, Corrections and Rehabilitation lost 27 employees through retirement and various other forms of attrition.
- There is also potentially a large number of retirements that could occur in the next few years based on the significant number of new hires from the 1980's who would now be approaching retirement age.

Cc: Honorable Carlos Alvarez, Mayor
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